

## Message Text

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ACTION ARA-10

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R 102134Z FEB 77  
FM AMEMBASSY PANAMA  
TO SECSTATE WASHDC 681  
INFO AMEMBASSY CANBERRA  
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AMEMBASSY JAKARTA  
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AMEMBASSY MOSCOW  
AMEMBASSY SINGAPORE  
PANCANAL  
USSOUTHCOM

C O N F I D E N T I A L PANAMA 0998

FOR STATE/COMMERCE

E.O. 11652: GDS  
TAGS: PN, BTID  
SUBJECT: ANDERSON'S CONTEMPLATED VENTURE IN PANAMA

REF: PANAMA 0299 (NOTAL) AND PANOS/NADEAU TELCON 2/8/77

SUMMARY: PANAMANIAN GOVERNMENT DENIED PRESS REPORTS OF POSSIBLE SOVIET TAKEOVER PACIFIC/ATLANTIC BANK (P/AB) BECAUSE OF EDDIE WONG'S REPORTEDLY HEAVY INDEBTEDNESS. GOP HAS BEEN SUPERVISING P/AB'S OPERATIONS AND OPERATING HOTEL DE PANAMA. ANDERSON NOW PROPOSING GOP WAYS AND MEANS OF CLEARING ED WONG'S INDEBTEDNESS, ESPECIALLY TOWARD MOSCOW-NARODNY BANK. END SUMMARY.

1. WE SHARE DEPARTMENT'S CONCERN OVER RECENT U.S. AND LOCAL PRESS REPORTS OF POSSIBLE SOVIET TAKE OVER PACIFIC/ATLANTIC BANK (P/AB) OWNED BY EDDIE WONG. THIS WAS DENIED BY GOP BANKING COMMISSION IN LOCAL PRESS FEBRUARY 5. BECAUSE  
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OF WONG'S REPORTED INDEBTEDNESS OF SOME \$40 MILLION (\$30 MILLION GOP BANCO NACIONAL AND \$10 MILLION MOSCOW-NARODNY BANK), BANKING COMMISSION HAS BEEN SUPERVISING P/AB SINCE SEPTEMBER 1976 AND BANCO NACIONAL TOOK FULL CONTROL OF HOTEL DE PANAMA EARLY LAST MONTH.

2. THE AMBASSADOR AND ECONOMIC/COMMERCIAL COUNSELORS

HAVE BEEN FOLLOWING VERY CLOSELY EDDIE WONG'S PROBLEMS AND VISITING ANDERSON GROUP'S ACTIVITIES SINCE JANUARY 22. ANDERSON STAYED ONLY FOR FEW DAYS, BUT HIS PRINCIPAL ASSOCIATE, NATHAN M. SHIPPEE, STILL HERE NEGOTIATING WITH GOP AUTHORITIES. HE HAS BEEN JOINED LATELY BY ANOTHER GROUP ASSOCIATE, G. ARTHUR PANERO. FOLLOWING REPORT DRAWN FROM SEVERAL SESSIONS WE HAD WITH MESSRS. ANDERSON, SHIPPEE AND PANERO:

3. PURPOSE ANDERSON GROUP'S VISIT WAS TO EXPLORE AND ASSESS GOP ATTITUDE BEFORE TAKING OVER P/AB AND HOTEL DE PANAMA. GROUP NOW IN PROCESS OF PRESENTING BANCO NACIONAL ITS PROPOSED "E. WONG ENTERPRISES STABILIZATION PROGRAM" BY VIRTUE OF WHICH "WONG'S ASSETS WILL BE PUT BACK INTO MOTION WITHIN TIME FRAME OF 6-8 MONTHS." TO THIS END, GROUP CLAIMS HAVING "IRREVOCABLE AUTHORITY" FROM WONG GIVING IT COMPLETE ACCESS TO BOTH HIS HOLDINGS IN PANAMA AND ABROAD. LATTER INCLUDES FINANCIAL VENTURES IN HONG KONG AND SINGAPORE, SHIPPING INTERESTS IN INDONESIA, LIVESTOCK AND FARMING IN AUSTRALIA. GROUP CONSIDERS WONG POWER OF ATTORNEY KEY TO ITS ABILITY TO COME UP WITH FUNDS AS WELL AS BUYING OFF MOSCOW-NARODNY'S INTERESTS IN PANAMA. GROUP PLANS TO OFFER MOSCOW-NARODNY, AS A TRADE-OFF, ASSETS OUTSIDE OF PANAMA IN RETURN FOR MOSCOW-NARODNY'S INTERESTS IN P/AB AND PANAMA HOTEL. GROUP WILL INSIST ON IRON-CLAD GOP ASSURANCE OF NO RPT NO INTERFERENCE ON ITS PART ONCE "PROGRAM ON THE ROAD."

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4. GROUP'S "ACTION PLAN" IS TO A) FIND U.S. MULTINATIONAL BANK WILLING TAKE OVER P/AB WHOSE TANGIBLE ASSET IS ITS MODERN MULTISTORY BUILDING; B) REDUCE WONG'S INDEBTEDNESS TOWARD BANCO NACIONAL BY CONVERTING UNFINISHED BLOCK-ADJACENT TO THE CENTRALLY LOCATED HOTEL-- INTO 12-STORY BUILDING AND HOPEFULLY SELLING IT TO BRANIFF OR CHASE-MANHATTAN; AND C) BUY OUT THE RUSSIANS AND GET THEM OUT OF THE PICTURE.

5. GROUP NOT ANXIOUS TAKE OVER HOTEL UNTIL ITS DEBTS CLEARED UP AND STAFFING "CONSOLIDATED" (REDUCED) BY BANCO NACIONAL. UNDERSTANDABLY, GROUP DOES NOT WANT TO DO THE FIRING AND THEN BE SADDLED WITH LABOR PROBLEMS AND PUBLIC CRITICISM.

6. BECAUSE OF GROUP'S CONTEMPLATED SIZEABLE FINANCIAL UNDERTAKING, WE ADVISED GROUP'S REPS OF AVAILABILITY OPIC INVESTMENT PROGRAM. ONLY PANERO WAS AWARE OF THIS POINTING OUT HE BELIEVED GROUP'S MONTEGO HOTEL IN

JAMAICA HAD OPIC COVERAGE. SHIPPEE PARTICULARLY APPRECIATED OUR SUGGESTION THAT GROUP BETTER OFF IF A) IT ENLISTED THE SERVICES OF AMERICAN AND PANAMANIAN ATTORNEYS WHEN WORKING OUT AN AGREEMENT WITH THE GOP, AND B) INCLUDE CLAUSE BE BINDING FOR BOTH PARTIES. IN THE MEANTIME, SHIPPEE INFORMED US HE SELECTING DR. CARLOS OPEZ GUEVARA (ALSO MEMBER OF GOP NEGOTIATING TEAM) FROM OUR LISTING OF LAWYERS.

7. GROUP SUPPLIED US WITH RATHER IMPRESSIVE BROCHURE BUT ITS COMPOSITION RATHER COMPLEX AND OUR REFERENCE PUBLICATIONS, INCLUDING 1974 DUNN & BRADSTREET, FAIL TO PROVIDE ANY CREDIT INFO. GROUP COMPRISES PRUDENTIAL TECHNOLOGY INTERNATIONAL (ANDERSON); THE PRUDENTIAL GROUP, IMC., (SHIPPEE); PANERO MANAGEMENT ASSOCIATES (PANERO); AND EDWARD DURREL STONE INT'L, LTD. FIRST THREE LOCATED ROCKEFELLER PLAZA, NEW YORK AND LATTER FT. LAUDER-  
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DALE, FLORIDA. ACCORDING TO PUBLICATION, MOODY'S INDUSTRIAL MANUAL, THE PRUDENTIAL GROUP AFFILIATE OF PRUDENTIAL BUILDING MAINTENANCE CORP. IN NEW YORK. LATTER GIVEN HIGH COMPOSITE CREDIT APPRAISAL BY DUNN & BRADSTREET AND ITS ESTIMATED FINANCIAL STRENGTH OVER \$100 MILLION.

ACTION REQUESTED: AS WE ANTICIPATE GOP INQUIRY, ANY ADDITIONAL CREDIT INFORMATION ON THE OTHER GROUP COMPANIES WOULD BE USEFUL.

8. EMBASSY WILL CONTINUE REPORTING DEVELOPMENTS AS THEY OCCUR.  
JORDEN

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